

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

H

W-03782A
William F. Lesko dba Heckethorn Water Company
4400 E. Button Lane
Flagstaff, AZ 86001

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

4-20-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>HECKETHORN WATER COMPANY</u>			
Mailing Address <u>4400 EAST BUTTERN LANE</u>			
<u>FLAGSTAFF</u> (City)	<u>ARIZONA</u> (State)	<u>86001</u> (Zip)	
<u>(938) 213-1778</u> Telephone No. (Include Area Code)	<u>(938) 213-1778</u> Fax No. (Include Area Code)	<u>(938) 527-5090</u> Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>4400 EAST BUTTERN LANE</u>			
<u>FLAGSTAFF</u> (City)	<u>ARIZONA</u> (State)	<u>86001</u> (Zip)	
<u>(938) 213-1778</u> Local Office Telephone No. (Include Area Code)	<u>(938) 213-1778</u> Fax No. (Include Area Code)	<u>(938) 527-5090</u> Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>WILLIAM F. LESKO</u>			
(Name)		<u>OWNER</u> (Title)	
<u>5210 E. DAPHNE LANE</u> (Street)	<u>FLAGSTAFF</u> (City)	<u>ARIZONA</u> (State)	<u>86001</u> (Zip)
<u>(938) 779-0543</u> Telephone No. (Include Area Code)	<u>(938) 213-1778</u> Fax No. (Include Area Code)	<u>(938) 380-8745</u> Pager/Cell No. (Include Area Code)	
Email Address <u>LETSGO16@JUNC.COM</u>			
On Site Manager: <u>WILLIAM F. LESKO</u>			
(Name)			
<u>5210 E. DAPHNE LANE</u> (Street)	<u>FLAGSTAFF</u> (City)	<u>AZ.</u> (State)	<u>86001</u> (Zip)
<u>(938) 779-0543</u> Telephone No. (Include Area Code)	<u>(938) 214-1778</u> Fax No. (Include Area Code)	<u>(938) 380-8745</u> Pager/Cell No. (Include Area Code)	
Email Address <u>LETSGO16@JUNC.COM</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☒ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☒ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

COMPANY NAME

HECKETHORN WATER COMPANY

12-31-06

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	8000		8000
304	Structures and Improvements	1420 1936	35 412	2909
307	Wells and Springs	6976	1811	5165
311	Pumping Equipment	16090	7114	8976
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	32298	2616	29682
331	Transmission and Distribution Mains	9507	1829	7678
333	Services	1180	306	874
334	Meters and Meter Installations	886	298	588
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	2443	1362	1081
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	80736	15783	64953

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

HECKETHORN WATER COMPANY

12-31-06

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	8000		
304	Structures and Improvements	1420 1436	2.47 2.47	35 47
307	Wells and Springs	6976	2.97	207
311	Pumping Equipment	16090	5.05	813
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	32298	1.80	581
331	Transmission and Distribution Mains	9507	2.20	209
333	Services	1180	2.96	35
334	Meters and Meter Installations	886	3.82	34
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	2443	6.50	159
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	80736		2120

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

HECKETHORN WATER COMPANY

12-31-06

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 4921	\$ 4642
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 4921	\$ 4642
	FIXED ASSETS		
101	Utility Plant in Service	\$ 79316	\$ 80736
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	13663	15783
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 65653	\$ 64953
	TOTAL ASSETS	\$ 70574	\$ 69595

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME	HECKETHORN WATER COMPANY	12-31-06
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BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	165	165
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 12584	\$ 4824
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 12749	\$ 4989
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	57825	64606
	TOTAL CAPITAL	\$ 57825	\$ 64606
	TOTAL LIABILITIES AND CAPITAL	\$ 70574	\$ 69595

COMPANY NAME HECKETHORN WATER COMPANY 12-31-06

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 28111	\$ 29597
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 28111	\$ 29597
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 529	\$ 488
610	Purchased Water		
615	Purchased Power	4638	5072
618	Chemicals		
620	Repairs and Maintenance	2871	2483
621	Office Supplies and Expense	3367	4566
630	Outside Services	675	1009
635	Water Testing	971	1139
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	2553	2437
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	192	0
403	Depreciation Expense	2085	2120
408	Taxes Other Than Income	1761	1925
408.11	Property Taxes	1094	937
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 20736	\$ 22176
	OPERATING INCOME/(LOSS)	\$ 7375	\$ 7421
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	1166	640
	TOTAL OTHER INCOME/(EXPENSE)	\$ 1166	\$ 640
	NET INCOME/(LOSS)	\$ 6209	\$ 6781

COMPANY NAME HECKETHORN WATER COMPANY 12-31-06

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	3-1-99			
Source of Loan	BANK			
ACC Decision No.				
Reason for Loan	PURCHASE			
Dollar Amount Issued	\$ 53231	\$	\$	\$
Amount Outstanding	\$ 4823.74	\$	\$	\$
Date of Maturity	8-01-07			
Interest Rate	7.05 %	%	%	%
Current Year Interest	\$ 639.59	\$	\$	\$
Current Year Principle	\$ 7760.41	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 293.00

Meter Deposits Refunded During the Test Year \$ 50.00

COMPANY NAME	HECKETHORN WATER COMPANY	12-31-06
Name of System	ADEQ Public Water System Number (if applicable)	

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
611238	25	55	200	12"	2	2059

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	2	N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
4,000	1	500	1
10,000	1		
40,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	HECKETHORL' WATER COMPANY	12-31-06
Name of System	ADEQ Public Water System Number (if applicable)	

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	GAL PVC	300 } ONE LINE EACH
3	GAL	ID 74
4	STEEL	4000 EST.
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	36
3/4	4
1	2
1 1/2	2
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

CL₂ LIQUID INJECTION

STRUCTURES:

BOOSTER STATION- CONTAINS 6KG TANK 500 PRESSURE TANK
WELL HEAD
TWO STORAGE TANKS FENCED 10,000 AND 40,000

OTHER:

DITCH WITCH TRENCHER
VARIOUS HAND TOOLS

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME HECKETHORN WATER COMPANY YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 937.12

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

HECKETHORN WATER CO.
4400 E. BUTTON LANE 520-213-1778
FLAGSTAFF, AZ 86001

91-2106
1221
20632195

2125

DATE 10-31-06

PAY TO THE
ORDER OF

Bonnie Lynn Beckwith County Treasurer \$ *937.12/100*
Nine hundred thirty seven and 12/100 DOLLARS

BANK ONE.

Bank One, NA
Phoenix, Arizona 85073
www.BankOne.com

MEMO

TAX # 932-20-100-9

[Signature]

MP

⑆ 1221000241 ⑆

20632195 2125

⑆0000093712⑆

Deposit To
COCONINO COUNTY TREASURER

WEB M4 TENFE11292885
4785 04230394144 4
>1221-0587-8X
0851: 09 150 49

11212906
111901331

5340910614

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>COCONINO</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>WILLIAM F. LESKO</u>
COMPANY NAME	<u>HECKETHORN WATER COMPANY</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

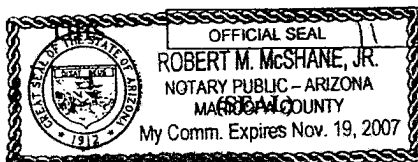
I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

William F. Lesko
SIGNATURE OF OWNER OR OFFICIAL
928-779-0543
TELEPHONE NUMBER



MY COMMISSION EXPIRES 19 Nov 2007

COUNTY NAME	<u>Coconino</u>	
MONTH	<u>April</u>	<u>2007</u>
<u>Robert M. McShane, Jr.</u> SIGNATURE OF NOTARY PUBLIC		

COMPANY NAME HECKETHORN WATER COMPANY

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

*NOT A TAXABLE
ENTITY-BY ITSELF*

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>COCHISE</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>WILLIAM F. LESKO</u>
COMPANY NAME	<u>HECKETHORN WATER COMPANY</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ _____

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS _____ DAY OF

(SEAL)

COUNTY NAME	
MONTH	, 20__

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>HECKETHORN WATER COMPANY / COCONINO</u>	
NAME (OWNER OR OFFICIAL) <u>WILLIAM F LESKO</u>	TITLE <u>OWNER</u>
COMPANY NAME <u>HECKETHORN WATER COMPANY</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 29,597

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 1925

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

William Lesko

SIGNATURE OF OWNER OR OFFICIAL

928-779-0543

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

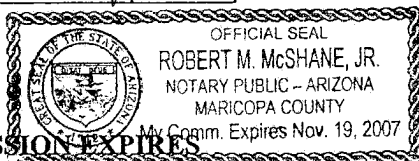
THIS

11

DAY OF

(SEAL)

MY COMMISSION EXPIRES



19 NOV 2007

NOTARY PUBLIC NAME

Robert M. McShane, Jr.

COUNTY NAME

Coconino

MONTH

April

.2007

X

Robert M. McShane, Jr.

SIGNATURE OF NOTARY PUBLIC